

NSA review completed

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ON-FILE NSC RELEASE INSTRUCTIONS
APPLY~~TOP SECRET~~

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FM THE SITUATION ROOM

TO AMEMBASSY ISLAMABAD

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~~TOP SECRET~~ SENSITIVE CONTAINS CODEWORD
WH43019 SECTION 01 OF 02

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TOHAK94

DELIVER TO BREMER/GOMPERT FOR THE SECRETARY

OCTOBER 31, 1974.

MEMORANDUM FOR SECRETARY KISSINGER

FROM: THE SITUATION ROOM

SUBJECT: INFORMATION ITEMS

THE SITUATION IN SAIGON: DURING THE PAST 24 HOURS THERE HAVE BEEN A NUMBER OF OPPOSITION DEMONSTRATIONS AND INCIDENTS IN SAIGON. MORE ARE SCHEDULED FOR TOMORROW, WHICH IS SOUTH VIETNAM'S NATIONAL DAY. MOST OF THESE HAVE BEEN MINOR IN SCALE AND HANDLED EASILY BY THE POLICE WITH A MINIMUM OF FORCE. THE MOST SERIOUS INCIDENT OCCURRED WHEN A CROWD OF 1,000 PERSONS, INCLUDING A LARGE NUMBER OF TEENAGE YOUTH, ORGANIZED BY THE CATHOLIC ANTICORRUPTION MOVEMENT, ATTEMPTED TO BREAK THROUGH POLICE BARRICADES AND MARCH ON DOWNTOWN SAIGON. PRESS DISPATCHES CLAIM THAT FATHER THANH, THE LEADER OF THE CATHOLIC DISSIDENTS, WAS INJURED BY POLICE IN THE RESULTING MELEE. THE U.S. MBASSY REPORTS, HOWEVER, THAT FATHER THANH DOES NOT APPEAR TO HAVE BEEN SERIOUSLY HURT, IF AT ALL. THESE LATEST DEMONSTRATIONS AND INCIDENTS ARE BEING PROVOKED BY THE SAME SMALL NUMBER OF POLITICAL AGITATORS WHO HAVE BEEN ACTIVE SINCE LAST SEPTEMBER. UP TO NOW, THE POLICE HAVE REACTED TO THEIR DEMONSTRATIONS WITH RESTRAINT --- AN APPROACH THAT HAS CREATED NO MARTYRS AND HELPED TO PROTECT THE GOVERNMENT'S IMAGE AT HOME AND ABROAD. PRESIDENT THIEU, HOWEVER, APPEARS TO BE DETERMINED TO SHUT OFF THE POSSIBILITY OF VIOLENT CONFRONTATIONS IN SAIGON DURING THE NATIONAL DAY PERIOD AND MAY NOW BE ADOPTING A TOUGHER APPROACH. CENTRAL SAIGON HAS BEEN CORDONED OFF AND LARGE NUMBERS OF POLICE HAVE BEEN POSTED THROUGHOUT THE CITY. THIS MASSIVE POLICE PRESENCE APPEARS TO BE CONTRIBUTING TO HIGHLY EXAGGERATED PRESS ACCOUNTS OF THE CURRENT SITUATION.

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INTERNATIONAL OIL DEVELOPMENTS: PRODUCTION CUTS AND AN EXTRA-ORDINARY BUILDUP OF STOCKS HAVE PRACTICALLY ELIMINATED THE CRUDE OIL SURPLUS. CHANCES OF AN APPRECIABLE DECLINE IN OIL PRICES THIS WINTER THUS REMAIN SLIM. CRUDE OIL SUPPLIES IN THE FREE WORLD, INCLUDING NET IMPORTS OF ABOUT 7,000 B/D FROM COMMUNIST COUNTRIES, CURRENTLY ARE RUNNING AT 48 MILLION B/D. FREE WORLD PRODUCTION IS NOW 2 MILLION B/D BELOW THE HIGH REACHED IN MAY, CHIEFLY BECAUSE OF CUTBACKS IN OPEC COUNTRIES. MOST OF THE CUTS ARE THE RESULT OF COMPANY REFUSALS TO LIFT OIL AT OPEC-DECREED PRICES. THE PRODUCER GOVERNMENTS, FACED WITH THE CHOICE OF CUTTING PRODUCTION OR LOWERING PRICES, HAVE USUALLY CHOSEN THE FORMER.

ORDINARILY, MOST OF THE INCREASE IN THE FREE WORLD CONSUMPTION DURING THE WINTER MONTHS IS MET BY DRAWING DOWN STOCKS BUILT UP DURING THE SUMMER. PRELIMINARY INDICATIONS ARE THAT THIS HAS NOT BEEN HAPPENING RECENTLY. MANY CONSUMING COUNTRIES, CONCERNED ABOUT THE POSSIBLE DISRUPTION OF OIL IMPORTS, ARE MAINTAINING UNUSUALLY LARGE STOCKS FOR SECURITY REASONS. IN ADDITION, THE INTERNATIONAL OIL COMPANIES ARE INCREASING STOCKS BECAUSE OF MARKETING DIFFICULTIES. A FURTHER PRODUCTION CUTBACKS SHOULD BE NECESSARY TO AVOID A CRUDE OIL SURPLUS IF STOCKS ARE KEPT HIGH THROUGH THE WINTER.

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WASHINGTON STAR-NEWS: A STAR EDITORIAL SAYS THE ARAB ACTION, WITH WHICH KING HUSAYN RELUCTANTLY CONCURRED, EFFECTIVELY DEALS JORDAN OUT OF ANY FORTHCOMING NEGOTIATIONS WITH ISRAEL. IN

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GENEVA, OR ELSEWHERE. AND ON THE SURFACE AT LEAST, IT DEALS A BODY BLOW TO YOUR EFFORTS TO SECURE FURTHER ISRAELI WITHDRAWALS FROM THE LANDS CONQUERED IN THE YOM KIPPUR WAR IN RETURN FOR AT LEAST DE FACTO ARAB RECOGNITION OF ISRAEL. BUT THIS IS FAR FROM THE LAST ACT IN THE MIDDLE EASTERN DRAMA. THERE REMAINS ROOM FOR MANEUVER AND BOTH RABIN AND ARAFAT WOULD DO WELL TO SEEK IT OUT. YOU CAN HELP IN THIS. YOU OUGHT TO MAKE IT PERFECTLY CLEAR TO BOTH SIDES THAT THE U.S., FILE IT SUPPORTS ISRAEL'S RIGHT TO AN INDEPENDENT EXISTENCE, WILL PLACE ITS FULL WEIGHT ON THE SIDE OF THOSE WHO SEEK TO SOLVE THIS THREAT TO WORLD PEACE RATHER THAN ON THAT OF THOSE WHO DISDAIN COMPROMISE AND REJECT NEGOTIATION.

CROSBY NOYES WRITES THAT, WHILE TALKING DETENTE AND DISARMAMENT WITH YOU, THE LEADERS OF THE SOVIET UNION ARE DISPLAYING NEW AND WELL JUSTIFIED CONFIDENCE THAT WESTERN EUROPE MAY FALL INTO THEIR LAPS IN THE REASONABLY NEAR FUTURE. IN PARIS THE OTHER DAY, FRENCH PRESIDENT GISCARD WAS WARNING GLOOMILY ABOUT THE "LASTING CRISIS" THAT CONFRONTS THE INDUSTRIALIZED NATIONS. "THE WORLD IS UNHAPPY," SAID GISCARD, "BECAUSE IT DOESN'T KNOW WHERE IT IS GOING AND BECAUSE IT BELIEVES THAT, IF IT DID KNOW, IT WOULD DISCOVER THAT IT WAS HEADED FOR CATASTROPHE." WITHIN THE LAST YEAR, A SYSTEM WHICH APPEARED TO BE IN ALMOST EVERY WAY BETTER AND MORE EFFICIENT THAN ITS COMMUNIST COUNTERPART IS THREATENED WITH COLLAPSE. AND VERY SUDDENLY, THE COMMUNIST WORLD, WITH ITS TOTALLY CONTROLLED ECONOMY AND LACK OF POLITICAL FREEDOM, LOOKS TO MANY PEOPLE BOTH MORE SECURE AND MORE VIABLE THAN THE COMPETITION. TO BE SURE, IT STILL IS UNCERTAIN HOW THE POLITICAL PENDULUM MIGHT SWING IN THE WAKE OF A GENERAL ECONOMIC COLLAPSE. THE POLITICAL EQUATION IS QUITE DIFFERENT IN EUROPE TODAY FROM WHAT IT WAS IN THE 1930S. AND THE WEIGHT OF THE SOVIET UNION IN EUROPEAN AFFAIRS LOOMS INFINITELY LARGER TODAY THAN IT DID 40 YEARS AGO. THERE ARE THOSE, OF COURSE, WHO BELIEVE THE RUSSIANS DON'T WANT A GENERAL ECONOMIC AND POLITICAL COLLAPSE IN WESTERN EUROPE. BUT THERE ARE LIMITS TO WISHFUL THINKING IN THIS SITUATION. THE COMMUNIST WORLD IS MOST UNLIKELY TO LIFT A FINGER TO EXTRICATE THE WEST FROM A CRISIS WHICH IS WIDELY DIAGNOSED AS MORTAL TO THE CAPITALIST-DEMOCRATIC SYSTEM. IT IS NOT INEVITABLE -- AT LEAST NOT YET -- THAT THE WORST WILL HAPPEN. IT STILL IS POSSIBLE THAT THE CATASTROPHE THAT IS SO GENERALLY FORESEEN MAY BE AVERTED, OR AT LEAST DELAYED TO THE POINT WHERE IT CAN BECOME MANAGEABLE. UNFORTUNATELY, THE WILL FOR DRASTIC REMEDIES SO FAR IS NOWHERE IN SIGHT, WHICH GIVES SUSTENTANCE TO THE DESPAIRING DIAGNOSES IN THE WESTERN WORLD.

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